

Message Text

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ACTION EUR-12

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R 061400Z MAY 76

FM AMCONSUL TORONTO

TO SECSTATE WASHDC 3511

INFO AMEMBASSY OTTAWA

ALL CONSULTES GENERAL IN CANADA

UNCLAS TORONTO 0520

E.O. 11652: N/A

TAGS: ENRG, ETRD, PINT, CA

SUBJECT: ONTARIO PREMIER'S LAST DITCH EFFORT ON OIL PRICING POLICY

REF: TORONTO 513

1. IN A SPEECH TO THE HAMILTON CHAMBER OF COMMERCE MAY 4, ONTARIO PREMIER WILLIAM DAVIS MADE A LAST DITCH EFFORT BEFORE THE MAY 6 FIRST MINISTERS MEETING IN OTTAWA IN SUPPORT OF ONTARIO'S AVERAGED/ BLENDED OIL PRICING PROPOSAL. HE WAS CLEARLY PESSIMISTIC ABOUT THE CHANCES FOR ACCEPTANCE OF ONTARIO'S PROPOSAL AND TOLD HIS AUDIENCE THAT HE EXPECTED ONTARIO WOULD GET "SHORT SHRIFT" AT THE OTTAWA MEETING. HE EVIDENCED THE CONVICTION THAT HIGHER OIL PRICES WILL RESULT FROM THE DISCUSSIONS AND SAID THAT AT PRIMIN MINISTER TRUDEAU'S

LUNCHEON FOR PROVINCIAL PREMIERS, THE FEDERAL GOVERNMENT AND THE GIL PRODUCING PROVINCES BECAUSE OF INCREASED TAXES AND ROYALTIES WILL GET "EXTRA LUMPS OF SUGAR IN THEIR COFFEE" WHILE THE ENERGY CONSUMING PUBLIC "WILL BE LUCKY TO END UP WITH A GLASS OF WATER."

2. GENERAL MEDIA REACTION IN TORONTO IS SYMPATHETIC WITH THE PROVINCIAL GOVERNMENTS' POSITION AND THE "SUGAR/WATER" QUOTATION
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WAS CARRIED BY SEVERAL OF THE TELEVISION STATIONS AND NEWSPAPERS.

THE MEDIA CONSIDERS THAT THE ONTARIO PROPOSAL SHOULD NOT BE REJECTED BY OTTAWA COMPLETELY OUT OF HAND, AS APPEARS TO HAVE HAPPENED WHEN ONTARIO ENERGY MINISTER TIMBRELL MET WITH FEDERAL ENERGY MINISTER GILLESPIE MAY 4.

3. WHILE THERE IS NO DISPUTE IN TORONTO WITH PREMIER DAVIS' EVALUATION THAT HIGHER PRICES WILL RESULT FROM THE MAY 6 MEETING, COMMENTATORS OBSERVE THAT DAVIS THE POLITICIAN IS INTERESTED IN UNDERSCORING ONTARIO'S OPPOSITION TO THE PRESENT PRICING SYSTEM AND TO THE EXPECTED PRICE RISE.

4. COMMENT - WHILE THERE IS EVERY INDICATION THAT THE ONTARIO PROPOSAL WILL NOT BE ACCEPTED BY OTTAWA AND DAVIS' COMMENTS IN HAMILTON THAT THE ISSUE MIGHT HAVE SIGNIFICANT EFFECTS ON THE CONCEPT OF CONFEDERATION AT THIS JUNCTURE SEEM OVERSTATED, IT CANNOT BE DOUBTED THAT THE GOVERNMENT OF ONTARIO IS MORE CONCERNED AS A CONSUMING INDUSTRIALIZED PROVINCE ABOUT ENERGY COSTS AND THAT ITS PRESSURES ON OTTAWA AND ON OTHER PROVINCES TO ACCEPT "BLENDED PRICES" OR OTHER PRICE-MITIGATING SCHEMES WILL CONTINUE.
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